

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

15-0392.1

HB 222-FN, *exempting certain homeowners over 80 years of age from the statewide education tax.*

House Ways & Means Committee

This bill provides for the exemption of certain real estate from a portion of property tax. More specifically, an owner of property who is over 80 years of age or older and who has continuously maintained a homestead in New Hampshire for at least the most recent five (5) years shall have the homestead exempt from the New Hampshire Statewide Education Property Tax.

The Department of Revenue Administration estimates there will be an indeterminable reduction in state expenditures. The current Low and Moderate Income Homeowners Property Tax Relief payments will be reduced by the number of those able to claim a full exemption from the State Education Property Tax. According to the US Census Bureau, there were as many as 53,118 persons in New Hampshire aged 80 years or older in 2013 and the average rate of home ownership in New Hampshire was 71.4% in 2013. There is no detailed information, however, regarding the home ownership rates within the category of 80 years or older.

The Department assumed of the potential 37,926 potential applicants ($53,118 \times .714$), at least 75%, or 28,445 persons will apply. In 2003, the first year of the current Low and Moderate Income Homeowners Property Tax Relief program, approximately 24,000 applications were received. The number of Low and Moderate claimants that currently qualify and would meet the criteria for the full exemption is unknown.

The Department also estimates there will be an indeterminable increase in the administrative costs, as the Department will need to establish a process to verify when a Low and Moderate claimant has received an exemption.

The exemption of certain property from the State Education Property Tax will reapportion the tax burden to non-exempt property owners.

There will be an indeterminable increase in local expenditures. These are related to:

- The administration of the initial application process;
- The processing of annual applications for the exemption;
- The determination of the value of homesteads to be exempt; and
- The reporting of these exemption amounts to the Department for annual calculation of the State Education Property Tax apportionment.

There will be significant administrative attention as these taxpayers will only qualify based on an annual determination of residency. The residency requirement is continuous, as it reflects the most recent five (5) years.

The Department notes several mechanical or technical defects in the bill. Certain property tax exemptions are provided in statute, divided into the broad categories of property exemptions and personal exemptions. Property exemptions are related to a specific use. (See RSA 72:23, III, houses of public worship, for example). Personal exemptions have been created by the Legislature. (See RSA 72:39-a Elderly Exemption, for example). There are no personal exemptions that are not subject to income and asset limits.

In addition, there is no definition of what is the homestead exempt from taxation. (See RSA 198:56, II, for example). And, there is no definition of who is an owner. (See RSA 72:29, VI, for example).